

FACT SHEET

EX-IM BANK STANDARD REPAYMENT TERMS

Ex-Im Bank's repayment terms applicable to the Insurance and medium- and long-term Loan and Guarantee Programs are explained and listed in this fact sheet.

WHAT IS THE REPAYMENT TERM?

The "repayment term" is the period from the starting point to the final maturity of a transaction. The "starting point" is generally the completion of the exporter's responsibility under the export contract, e.g., shipment or project completion. Acceptance, retention, and warranty periods are not counted in determining the starting point. The "final maturity" is the due date of the final installment. Repayment begins approximately six months after the starting point, and payments of principal and accrued interest generally must be made semiannually.

For example, assume that a transaction has a 5-year repayment term, semiannual installments, and one shipment scheduled to occur in December 1996. Repayment would begin in June 1997 and consist of ten equal semiannual installments of principal (plus accrued interest). The final payment would be due in December 2001.

WHAT IS A NOTIFIABLE REPAYMENT TERM?

Ex-Im Bank must notify other official export credit agencies (ECAs) of its intention to offer certain repayment terms. Notifiable terms include (but are not limited to) terms of more than 5 years in Category I countries. Applicants will be advised when notification is required so that they may make an informed choice between notifiable and non-notifiable terms.

HOW TO DETERMINE THE APPLICABLE REPAYMENT TERM

- Step 1. Identify the country category (I or II) from the list below for the country where the export items will be used.
- Step 2. Find the standard term in Chart I that applies to the country category and the contract price of your transaction.
- Step 3. Review the terms in Chart II, the Shorter Than Standard Terms, and the Longer Than Standard Terms to determine if they apply to your transaction.

Applicants may request shorter terms than indicated in this Fact Sheet. Since Ex-Im Bank's exposure fee is related to the repayment term, a shorter term carries a lower exposure fee.

COUNTRY CATEGORY

The country category is determined by the Organization for Economic Cooperation and Development (OECD). Countries classified in Category I are listed below. **Category I non-OECD countries are bolded.** Category II consists of all countries not classified in Category I.

Andorra, Antigua & Barbuda, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bermuda, Brunei, Canada, Cayman Islands, Cyprus, Denmark, Faeroes, Finland, France, French Guyana, French Polynesia, Germany, Gibraltar, Greece, Greenland, Guadeloupe, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Kuwait, Libya, Liechtenstein, Luxembourg, Malta, Martinique, Monaco, Netherlands, Netherlands Antilles, New Caledonia, New Zealand, Norway, Oman, Portugal, Qatar, Reunion, Saint Pierre & Miquelon, San Marino, Saudi Arabia, Singapore, Slovenia, South Korea, Spain, Sweden, Switzerland, Seychelles, Taiwan, United Arab Emirates, United Kingdom, Vatican City.

(Note: Not all countries listed are eligible for Ex-Im Bank financing.)

Chart I. Standard Terms

The following terms apply **in the absence of** the factors described in Chart II and the sections on Shorter Than Standard Terms and Longer Than Standard Terms.

<u>Contract Price*</u>	<u>Maximum Repayment Term in Years</u>	
	<u>Category I Countries</u>	<u>Category II Countries</u>
Less than \$80,000	2	2
\$80,000 to \$174,999	3	3
\$175,000 to \$349,999	4	4
\$350,000 to \$7,000,000*	5	5
\$7,000,001 to \$11,764,705**	5	7
\$11,764,706 to \$25,000,000	5	8
More Than \$25,000,000	5	10

* Price of U.S. goods and services, including any eligible foreign content.

** 85% of \$11,764,705 = \$10,000,000, which is the maximum financed portion for medium-term transactions.

Chart II. Terms for Certain Types of Exports

The following terms apply **in the absence of** the factors described in the sections on Shorter Than Standard Terms and Longer Than Standard Terms:

<u>Export Items</u>	<u>Maximum Repayment Term</u> <u>(All Countries)</u>
1. Non-capital items, raw materials, lumber, paper, pulp, spare parts	180 days
2. Bulk agricultural commodities, fertilizers, pesticides, consumer durables (ranges, refrigerators, etc.)	360 days
3. Breeding cattle Contract price not exceeding \$150,000	2 years
Contract price exceeding \$150,000	3 years
4. Ships*	8.5 years
5. Power plants*** Non-nuclear	12 years**
Nuclear (excluding fuel)	15 years**
Initial fuel load	4 years
Subsequent fuel reloads	2 years
6. Aircraft Large civil aircraft (more than 70 seats in a passenger configuration)	12 years
Category A aircraft (Turbine powered, generally with 30 to 70 seats)	10 years
Category B aircraft (Other turbine powered aircraft)	7 years
Category C aircraft (Non-turbine powered aircraft)	5 years

* Refers to ships subject to the OECD Understanding on Export Credits for Ships. Contact Ex-Im Bank for qualification details.

** Ex-Im Bank must notify other official export credit agencies before offering the indicated repayment terms.

*** Power plants are complete power stations or parts of power stations, including components, equipment, materials, and services directly required for the construction and commissioning of power stations.

SHORTER THAN STANDARD TERMS

The following limits take precedence over the terms in Charts I and II and the Longer Than Standard Terms:

1. If the export items are purchased for resale, the term generally may not exceed 2 years. Ex-Im Bank will consider a term longer than 2 years in conjunction with a Preliminary Commitment or Final Commitment application, provided that the buyer is (i) purchasing the export items to satisfy a specific contract with the end-user of the items, (ii) providing financing to the end-user with a repayment term at least as long as the term requested from Ex-Im Bank.
2. If the export items have an expected or useful life that is shorter than the applicable term in Chart I, then the term may not exceed the expected or useful life.
3. If (i) exposure fee level 8 applies (refer to Exposure Fee Advice) or (ii) Ex-Im Bank is not open for a total term of more than 7 years in the borrower's/guarantor's country (refer to Country Limitation Schedule), the repayment term generally may not exceed 5 years. Ex-Im Bank will consider a repayment term longer than 5 years in conjunction with a Preliminary Commitment or Final Commitment application, provided that the **total term** from the authorization date to the final repayment date does not exceed 7 years.
4. If the transaction is under a Credit Guarantee Facility, the term may not exceed 5 years without Ex-Im Bank's prior approval.
5. If the average price of the export items comprising a majority of the contract price is less than \$1,000,000 **and** the transaction does not qualify for the Environmental Exports Program (EEP), the term may not exceed 5 years.

LONGER THAN STANDARD TERMS

The following limits take precedence over the terms in Chart I, provided that the Shorter Than Standard Terms do not apply:

1. If Ex-Im Bank confirms that ECA competition exists for transactions eligible for terms of at least 2 years, Ex-Im Bank will match the competing term up to:

8.5 years for exports to Category I countries.
10 years for exports to Category II countries.
2. If the transaction qualifies for the EEP, the contract price exceeds \$300,000, **and** the applicable exposure fee level is 1 through 7, the maximum term is:

8.5 years for exports to Category I countries.
10 years for exports to Category II countries.

3. If the contract price exceeds \$11,764,705 **and** the export items are to be used in a project, Ex-Im Bank will **consider** the following maximum terms on a **case-by-case** basis:

8.5 years for exports to Category I **non-OECD** countries.

10 years for exports to Category II countries.

The rationale for a Longer Than Standard Term for a project must be based on at least one of the following factors:

The degree to which Ex-Im Bank will rely on the project's anticipated cash flows for assurance of repayment.

The need for alignment of Ex-Im Bank's term with the term granted by other lenders to the project.

4. If confronting a directly competing tied aid offer, please consult Ex-Im Bank's Tied Aid Capital Projects Fund Fact Sheet. Longer Than Standard Terms may be available. (Foreign tied aid offers are easily recognized: they usually involve terms longer than 20 years, interest rates one-half or two-thirds of market rates, or large grants.)

MORE INFORMATION

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